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SUBJECT: MALAYSIA: AMBASSADOR REVIEWS BUSINESS OPPORTUNITIES WITH
TELECOM MALAYSIA CEO

¶1. (SBU) Summary: Telecom Malaysia (TM) Group Chief Executive Officer (CEO) Zam Isa discussed business opportunities in Malaysia's telecom sector with the Ambassador in a November 3 meeting. Zam emphasized that TM was looking for strategic partners to develop its large enterprise division and increase its competitiveness, as well as core technology areas that might be suitable for US small and medium-sized businesses. The Ambassador reaffirmed the desire of U.S. private sector firms to work with TM and companies in Malaysia's quickly expanding Telecom and IT industry. End Summary.

Strategic Partnerships

¶2. (SBU) The Ambassador called on Telecom Malaysia CEO Zam November 3 to discuss opportunities for American firms in Malaysia's quickly expanding IT and Telecom sectors as well as potential long-term partnering opportunities. Zam reviewed the scope of TM's business lines: a) consumer, b) small and medium-sized enterprises (SME), c) large enterprises, and d) government. He said TM was looking for a strategic partner for its large enterprise business line to help generate users once the required infrastructure was put in place. Zam told the Ambassador TM would be pleased to partner with American firms; the Ambassador welcomed Zam's openness and indicated ongoing interest from firms such as Cisco would, he was sure, continue to grow in the months and years ahead.

¶3. (SBU) Zam said that the animation/entertainment market segment might also provide opportunities for U.S. and other foreign investors interested in working with TM in generating new content. He said that this segment also might provide opportunities for smaller and medium size companies. Other Research and Development projects involving compression technology and advanced content development might also provide opportunities for co-operation.

TM plans - broadband and regional expansion

¶4. (SBU) In reviewing the Telecom infrastructure for Malaysia, Zam said that Malaysia's backbone infrastructure for broadband network is quickly improving, but the "last mile" (network switch to home hookup) remains a challenge. He pointed out that the 12,400 mile fiber optic cable recently (live testing requirements were completed November 11, 2009) linking Malaysia via Guam and Hawaii to U.S. West Coast should significantly improve bandwidth availability between Southeast Asia and the U.S., but he also acknowledged that most of the 500 GBps capacity is already sold.

¶5. (SBU) Discussing business growth, Zam said that TM has to rely on broadband for its future expansion in Malaysia as TMs fixed line penetration is only 16 percent. In order to remain competitive, Zam said, TM needed to be better positioned to provide broadband service and applications to homes and businesses, and TM also needed to consider regional expansion.

Challenges

¶16. (SBU) Zam said that despite the opportunities in Malaysia and in the region, there were also specific challenges to attracting partners and foreign investors. Malaysia was a small market, a long way from the U.S. and Western Europe. Companies often did not have enough technical and other resources in Malaysia in order to prove their long-term commitment to partnering effectively with TM. (Comment: He may have sought to imply that Chinese telecom equipment manufacturers, such as Huawei and ZTE, have more technical resources in place. End Comment.) The Ambassador and his team made a strong case for American firms' involvement acknowledging it was important to consider Malaysia's relatively small market in context, i.e. recognizing synergies that might exist with other ASEAN countries that could make the Malaysian market more attractive.

Co-operation in Training and Education -----

¶17. (SBU) Discussing overall educational needs, Zam pointed out that partnering with U.S. universities and colleges to train students from Malaysian and foreign students studying in Malaysia could benefit both Malaysia and the U.S. He said that Malaysia would gain a workforce with the needed technical skills for high tech jobs, and the U.S. would gain "technological ambassadors" of the U.S. educational system all over Southeast Asia and the Middle East.

¶18. (SBU) Turning to specific proposals, Zam said that the Multimedia University, a fully owned subsidiary of TM had 20,000 students of which 4,000 were foreign students, many from the Middle East. Zam said that the Multimedia University might be interested in joint programs with U.S. private sector affiliated technological training

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institutions, such as Motorola University or Intel University. Such schools might want to consider developing joint programs with the Multimedia University. The Ambassador urged further discussion over time to help us develop tangible proposals for increased involvement in Malaysia of U.S. academic institutions.

KEITH